



New Funding Models

ESC PRESIDENTS' FORUM

Theme Description

Create the environment within which Acquisition Reform
can meet

its potential

- ✓ Acquisition processes
 - Government / Industry incentives
 - Talented, trained, motivated people
 - Flexible funding

Even if we reduce cycle time to 1 day,
funding still takes 18 months to obtain!



Why Is This Worth Doing?

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- Field more rapidly
 - reduce cycle time
 - transition innovative ideas to the field
 - Synchronize with commercial technology cycle
- Leverage commercial technology / R&D
- Reduce force structure
- Tactics / Conops can be more rapidly developed to meet warfighter needs
- Reduce cost / increase efficiency
- Requirements based acquisition is broken



Obstacles

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- Current appropriation laws
 - multi year procurement
 - Color of money
 - reprogramming limitations
- Too many decision makers
 - rice bowls and independent veto power
- Empowerment by committee
- AF corporate structure
- Total cost of doing business -- overhead
- Acquisition infrastructure limitations -- upfront, cross cutting planning needed
- Technology changes within 3-6 months -- acquisition cycle behind this curve



Obstacles -- continued

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- Government culture cannot admit failure (all programs live on)
- Requirements document becomes the product, or focus
- Budget cycle is driving the way we do business -- PPBS inflexible and lengthy
 - AF implementation -- 18 month lead time for \$
- Lack of talented / trained / experienced risk takers
 - skill level not current with technologies
- No measurements of earned value > only measuring expense
 - no incentives to control costs -- disincentives
- Congressional mistrust



Implementation Ideas

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- Create an IT / C2 czar -- single decision maker -- no rule by committee
 - treat C2 as a weapon system
- Increase funding flexibility
 - Increase reprogramming thresholds
 - Use 3400 \$s for technology refresh resulting in new capabilities
 - Consolidate PECs to increase tradeoff flexibility
 - Leverage industry ideas and money
- Ruthless empowerment of individuals



Ideas -- continued

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- Create discovery dollars to fund innovation -- providing an incentive to industry & gov't to work together
 - Matching funds from industry to the discovery dollar pot of money
- Prototype a single type of money for C2 initiatives (colorless type of money)
 - Pilot program to help eliminate colors of money
 - Demonstrate Congressional visibility into total ownership cost
- Have a conops rather than a requirements document



Ideas - continued

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- Incentives
 - First contractor with product gets contract award
 - Procure systems and support in single packages
 - VECP like cost of ownership incentive
- Create a battle lab to explore the integration of gov't and industry business processes within the acquisition process
 - Create CUBE for business systems
- Hire, train, retain, the right people
 - Live with Microsoft red team (OJT for Gov't)
 - Technology, management, advocacy
- Defining the problem and resolutions in one step



Ideas - continued

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- DoD must act like an enterprise -- at least for IT -- to make partnering more realistic and foster long term relationships
- Use retainer / enterprise agreements
- Desirements vs. requirements
- Partnerships & exploitation of partnerships
 - More important than CRADAs
- Make better use of other transactions
- Incentivize programs to save money
- Incentivize large business to pass through to small business
- Investigate SBIR, JT&E, CTIP, and GDIP models



Actions

Change Business Model

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- Working group participants to obtain early feedback from their president
 - ensure ESC distributes / posts meeting notes and slides for participant download without access hindrances
- Define terms
 - C2 weapon system
 - Ruthless empowerment
 - Discovery funds
 - PE consolidation
 - Sustainment defined in terms of technology infusion



Actions - continued

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- Define explicitly what it means to manage C2 as a weapon system
- Identify AF imposed limitations to funding flexibility
- Prepare ideas for SAB
- Investigate alternative models
- Develop a plan to create the right environment
 - schedule, resources, actions
 - identify stakeholders for each action
 - ruthless empowerment